

110TH CONGRESS
2D SESSION

S. 2729

To amend title XVIII of the Social Security Act to modify Medicare physician reimbursement policies to ensure a future physician workforce, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 6, 2008

Mr. CORNYN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to modify Medicare physician reimbursement policies to ensure a future physician workforce, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Ensuring the Future Physician Workforce Act of 2008”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PAYMENT AND QUALITY INCENTIVES

Sec. 101. Resetting to 2007 the base year for application of sustainable growth rate formula; elimination of sustainable growth rate formula in 2010.

Sec. 102. Quality incentives.

TITLE II—HEALTH INFORMATION TECHNOLOGY INCENTIVES

Sec. 201. Health information technology (HIT) payment incentive.

Sec. 202. Safe harbors to antikickback, civil penalties, and criminal penalties for provision of health information technology and training services.

Sec. 203. Exception to limitation on certain physician referrals (under Stark) for provision of Health Information Technology and training services to health care professionals.

Sec. 204. Rules of construction regarding use of consortia.

TITLE III—INFORMATION AND REPORTS

Sec. 301. Information for physicians on Medicare billings.

Sec. 302. Information for beneficiaries on Medicare expenditures.

Sec. 303. Collection of data on Medicare savings from physicians' services diversion.

Sec. 304. Trustees' ongoing examination of Medicare funding.

Sec. 305. Independent study on Medicare Relative Value Unit Scale Update Committee (RUC) process.

Sec. 306. Study of reporting requirements on health care disparities.

TITLE I—PAYMENT AND QUALITY INCENTIVES

SEC. 101. RESETTING TO 2007 THE BASE YEAR FOR APPLICATION OF SUSTAINABLE GROWTH RATE FORMULA; ELIMINATION OF SUSTAINABLE GROWTH RATE FORMULA IN 2010.

(a) IN GENERAL.—Section 1848(d) of the Social Security Act (42 U.S.C. 1395w–4(d)), as amended by section 101 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Public Law 110–173), is amended—

(1) in paragraph (4)—

(A) in subparagraph (B), by striking “subparagraph (D)” and inserting “subparagraphs (D) and (G)”; and

1 (B) by adding at the end the following new
 2 subparagraph:

3 “(G) REBASING TO 2007 FOR UPDATE AD-
 4 JUSTMENTS BEGINNING WITH JULY 1, 2008.—In
 5 determining the update adjustment factor
 6 under subparagraph (B) for 2008, for the pe-
 7 riod beginning on July 1, 2008, and ending on
 8 December 31, 2008, and 2009—

9 “(i) the allowed expenditures for 2007
 10 shall be equal to the amount of the actual
 11 expenditures for physicians’ services during
 12 2007;

13 “(ii) subparagraph (B)(ii) shall not
 14 apply to 2008, for the period beginning on
 15 July 1, 2008, and ending on December 31,
 16 2008; and

17 “(iii) the reference in subparagraph
 18 (B)(ii)(I) to ‘April 1, 1996’ shall be treat-
 19 ed, beginning with 2009, as a reference to
 20 ‘January 1, 2007’.”; and

21 (2) by adding at the end the following new
 22 paragraph:

23 “(9) UPDATING BEGINNING WITH 2010.—The
 24 update to the single conversion factor for each year
 25 beginning with 2010 shall be the percentage increase

1 in the MEI (as defined in section 1842(i)(3)) for
 2 that year.”.

3 (b) CONFORMING SUNSET.—Section 1848(f)(1)(B)
 4 of such Act is amended by inserting “(ending with 2008)”
 5 after “each succeeding year”.

6 **SEC. 102. QUALITY INCENTIVES.**

7 (a) EXTENSION OF CURRENT TRANSITIONAL BONUS
 8 INCENTIVE PAYMENTS FOR 2009.—Section 101(c) of divi-
 9 sion B of the Tax Relief and Health Care Act of 2006
 10 (42 U.S.C. 1395w–4 note), as amended by section 101
 11 of the Medicare, Medicaid, and SCHIP Extension Act of
 12 2007 (Public Law 110–173), is amended—

13 (1) in the heading, by striking “AND 2008” and
 14 inserting “, 2008, AND 2009”;

15 (2) in paragraph (1), by inserting “(or 3 per-
 16 cent in the case of the reporting periods beginning
 17 after December 31, 2008)” after “1.5 percent”; and

18 (3) in paragraph (6)(C)—

19 (A) in clause (i), by striking “and” at the
 20 end;

21 (B) in clause (ii), by striking the period at
 22 the end and inserting “; and”; and

23 (C) by adding at the end the following new
 24 clause:

25 “(III) for 2009, all of 2009.”.

1 (b) ESTABLISHMENT OF NEW QUALITY INCENTIVE
2 SYSTEM EFFECTIVE IN 2010.—

3 (1) IN GENERAL.—Section 1848 of the Social
4 Security Act (42 U.S.C. 1395w) is amended by
5 striking subsection (k) and inserting the following:

6 “(k) PHYSICIAN QUALITY INCENTIVE SYSTEM.—

7 “(1) IN GENERAL.—The Secretary shall estab-
8 lish a reporting system (in this subsection referred
9 to as the ‘Physician Quality Incentive System’ or
10 ‘System’) for quality measures relating to physi-
11 cians’ services that focuses on disease-specific high
12 cost conditions. Not later than January 1, 2010, the
13 Secretary shall—

14 “(A) identify the 10 health conditions that
15 have the highest proportion of spending under
16 this part, due in part to a gap in patient care,
17 and for which reporting measures are feasible;
18 and

19 “(B) adopt reporting measures on these
20 conditions, based on measures developed by the
21 Physician Consortium of the American Medical
22 Association.

23 “(2) ADD-ON PAYMENT.—

24 “(A) IN GENERAL.—The Secretary shall
25 provide, in a form and manner specified by the

1 Secretary, for a bonus or other add-on payment
2 for physicians that submit information required
3 on the conditions identified under paragraph
4 (1).

5 “(B) AMOUNT.—Such a bonus or add-on
6 payment shall be equal to 1.0 percent of the
7 payment amount otherwise computed under this
8 section.

9 “(C) TIMELY PAYMENTS.—Such a pay-
10 ment shall be made, with respect to information
11 submitted for a month, by not later than 30
12 days after the date the information is submitted
13 for such month.

14 “(D) DEDUCTIBLE AND COINSURANCE NOT
15 APPLICABLE.—Such payment shall not be sub-
16 ject to the deductible or coinsurance otherwise
17 applicable to physicians’ services under this
18 part.

19 “(E) USE OF REGISTRY.—In carrying out
20 subparagraph (A), the Secretary shall allow the
21 submission of the required information through
22 an appropriate medical registry identified by
23 the Secretary.

24 “(3) MONITORING.—The Secretary shall mon-
25 itor and report to Congress on an annual basis phy-

sician participation in the Physician Quality Incentive System, administrative burden encountered by participants, barriers to participation, as well as savings accrued to the Medicare program due to quality care improvements based on measures established under the Physician Quality Incentive System.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to payment for physicians’ services for services furnished in years beginning with 2010.

TITLE II—HEALTH INFORMATION TECHNOLOGY INCENTIVES

SEC. 201. HEALTH INFORMATION TECHNOLOGY (HIT) PAYMENT INCENTIVE.

Section 1848 of the Social Security Act is amended by adding at the end the following new subsection:

“(m) HEALTH INFORMATION TECHNOLOGY PAYMENT INCENTIVES.—

“(1) STANDARDS.—Not later than January 1, 2009, the Secretary shall create standards for the certification of health information technology used in the furnishing of physicians’ services.

“(2) ADD-ON PAYMENT.—The Secretary shall provide for a bonus or other add-on payment for

1 physicians that implement a health information tech-
 2 nology system that is certified under paragraph (1).
 3 Such a bonus shall be equal to 3.0 percent of the
 4 payment amount otherwise computed under this sec-
 5 tion, except that—

6 “(A) in no case may the total of such
 7 bonus and the bonus provided under subsection
 8 (k)(2) exceed 6 percent of such payment
 9 amount; and

10 “(B) such payments with respect to a phy-
 11 sician shall only apply to physicians’ services
 12 furnished during a period of 36 consecutive
 13 months beginning with the first day of the first
 14 month after the date of such certification.

15 The bonus payment under this paragraph shall not
 16 be subject to the deductible or coinsurance otherwise
 17 applicable to physicians’ services under this part.”.

18 **SEC. 202. SAFE HARBORS TO ANTIKICKBACK, CIVIL PEN-**
 19 **ALTIES, AND CRIMINAL PENALTIES FOR PRO-**
 20 **VISION OF HEALTH INFORMATION TECH-**
 21 **NOLOGY AND TRAINING SERVICES.**

22 (a) FOR CIVIL PENALTIES.—Section 1128A of the
 23 Social Security Act (42 U.S.C. 1320a–7a) is amended—

24 (1) in subsection (b), by adding at the end the
 25 following new paragraph:

1 “(4) For purposes of this subsection, inducements to
 2 reduce or limit services described in paragraph (1) shall
 3 not include the practical or other advantages resulting
 4 from health information technology or related installation,
 5 maintenance, support, or training services.”; and

6 (2) in subsection (i), by adding at the end the
 7 following new paragraph:

8 “(8) The term ‘health information technology’
 9 means hardware, software, license, right, intellectual
 10 property, equipment, or other information tech-
 11 nology (including new versions, upgrades, and
 12 connectivity) designed or provided primarily for the
 13 electronic creation, maintenance, or exchange of
 14 health information to better coordinate care or im-
 15 prove health care quality, efficiency, or research.”.

16 (b) FOR CRIMINAL PENALTIES.—Section 1128B of
 17 such Act (42 U.S.C. 1320a–7b) is amended—

18 (1) in subsection (b)(3)—

19 (A) in subparagraph (G), by striking
 20 “and” at the end;

21 (B) in the subparagraph (H) added by sec-
 22 tion 237(d) of the Medicare Prescription Drug,
 23 Improvement, and Modernization Act of 2003
 24 (Public Law 108–173; 117 Stat. 2213)—

1 (i) by moving such subparagraph 2
2 ems to the left; and

3 (ii) by striking the period at the end
4 and inserting a semicolon;

5 (C) in the subparagraph (H) added by sec-
6 tion 431(a) of such Act (117 Stat. 2287)—

7 (i) by redesignating such subpara-
8 graph as subparagraph (I);

9 (ii) by moving such subparagraph 2
10 ems to the left; and

11 (iii) by striking the period at the end
12 and inserting “; and”; and

13 (D) by adding at the end the following new
14 subparagraph:

15 “(J) any nonmonetary remuneration (in the
16 form of health information technology, as defined in
17 section 1128A(i)(8), or related installation, mainte-
18 nance, support, or training services) made to a per-
19 son by a specified entity (as defined in subsection
20 (g)) if—

21 “(i) the provision of such remuneration is
22 without an agreement between the parties or
23 legal condition that—

24 “(I) limits or restricts the use of the
25 health information technology to services

provided by the physician to individuals receiving services at the specified entity;

“(II) limits or restricts the use of the health information technology in conjunction with other health information technology; or

“(III) conditions the provision of such remuneration on the referral of patients or business to the specified entity;

“(ii) such remuneration is arranged for in a written agreement that is signed by the parties involved (or their representatives) and that specifies the remuneration solicited or received (or offered or paid) and states that the provision of such remuneration is made for the primary purpose of better coordination of care or improvement of health quality, efficiency, or research; and

“(iii) the specified entity providing the remuneration (or a representative of such entity) has not taken any action to disable any basic feature of any hardware or software component of such remuneration that would permit interoperability.”; and

1 (2) by adding at the end the following new sub-
2 section:

3 “(g) SPECIFIED ENTITY DEFINED.—For purposes of
4 subsection (b)(3)(J), the term ‘specified entity’ means an
5 entity that is a hospital, group practice, prescription drug
6 plan sponsor, a Medicare Advantage organization, or any
7 other such entity specified by the Secretary, considering
8 the goals and objectives of this section, as well as the goals
9 to better coordinate the delivery of health care and to pro-
10 mote the adoption and use of health information tech-
11 nology.”.

12 (c) EFFECTIVE DATE AND EFFECT ON STATE
13 LAWS.—

14 (1) EFFECTIVE DATE.—The amendments made
15 by subsections (a) and (b) shall take effect on the
16 date that is 120 days after the date of the enact-
17 ment of this Act.

18 (2) PREEMPTION OF STATE LAWS.—No State
19 (as defined in section 1101(a) of the Social Security
20 Act (42 U.S.C. 1301(a)) for purposes of title XI of
21 such Act) shall have in effect a State law that im-
22 poses a criminal or civil penalty for a transaction de-
23 scribed in section 1128A(b)(4) or section
24 1128B(b)(3)(J) of such Act, as added by subsections
25 (a)(1) and (b), respectively, if the conditions de-

1 scribed in the respective provision, with respect to
2 such transaction, are met.

3 (d) STUDY AND REPORT TO ASSESS EFFECT OF
4 SAFE HARBORS ON HEALTH SYSTEM.—

5 (1) IN GENERAL.—The Secretary of Health and
6 Human Services shall conduct a study to determine
7 the impact of each of the safe harbors described in
8 paragraph (3). In particular, the study shall examine
9 the following:

10 (A) The effectiveness of each safe harbor
11 in increasing the adoption of health information
12 technology.

13 (B) The types of health information tech-
14 nology provided under each safe harbor.

15 (C) The extent to which the financial or
16 other business relationships between providers
17 under each safe harbor have changed as a re-
18 sult of the safe harbor in a way that adversely
19 affects or benefits the health care system or
20 choices available to consumers.

21 (D) The impact of the adoption of health
22 information technology on health care quality,
23 cost, and access under each safe harbor.

24 (2) REPORT.—Not later than three years after
25 the effective date described in subsection (c)(1), the

1 Secretary of Health and Human Services shall sub-
 2 mit to Congress a report on the study under para-
 3 graph (1).

4 (3) SAFE HARBORS DESCRIBED.—For purposes
 5 of paragraphs (1) and (2), the safe harbors de-
 6 scribed in this paragraph are—

7 (A) the safe harbor under section
 8 1128A(b)(4) of such Act (42 U.S.C. 1320a-
 9 7a(b)(4)), as added by subsection (a)(1); and

10 (B) the safe harbor under section
 11 1128B(b)(3)(J) of such Act (42 U.S.C. 1320a-
 12 7b(b)(3)(J)), as added by subsection (b).

13 **SEC. 203. EXCEPTION TO LIMITATION ON CERTAIN PHYSI-**
 14 **CIAN REFERRALS (UNDER STARK) FOR PRO-**
 15 **VISION OF HEALTH INFORMATION TECH-**
 16 **NOLOGY AND TRAINING SERVICES TO**
 17 **HEALTH CARE PROFESSIONALS.**

18 (a) IN GENERAL.—Section 1877(b) of the Social Se-
 19 curity Act (42 U.S.C. 1395nn(b)) is amended by adding
 20 at the end the following new paragraph:

21 “(6) INFORMATION TECHNOLOGY AND TRAIN-
 22 ING SERVICES.—

23 “(A) IN GENERAL.—Any nonmonetary re-
 24 munerated (in the form of health information
 25 technology or related installation, maintenance,

1 support or training services) made by a speci-
2 fied entity to a physician if—

3 “(i) the provision of such remunera-
4 tion is without an agreement between the
5 parties or legal condition that—

6 “(I) limits or restricts the use of
7 the health information technology to
8 services provided by the physician to
9 individuals receiving services at the
10 specified entity;

11 “(II) limits or restricts the use of
12 the health information technology in
13 conjunction with other health informa-
14 tion technology; or

15 “(III) conditions the provision of
16 such remuneration on the referral of
17 patients or business to the specified
18 entity;

19 “(ii) such remuneration is arranged
20 for in a written agreement that is signed
21 by the parties involved (or their represent-
22 atives) and that specifies the remuneration
23 made and states that the provision of such
24 remuneration is made for the primary pur-
25 pose of better coordination of care or im-

1 provement of health quality, efficiency, or
2 research; and

3 “(iii) the specified entity (or a rep-
4 resentative of such entity) has not taken
5 any action to disable any basic feature of
6 any hardware or software component of
7 such remuneration that would permit
8 interoperability.

9 “(B) HEALTH INFORMATION TECHNOLOGY
10 DEFINED.—For purposes of this paragraph, the
11 term ‘health information technology’ means
12 hardware, software, license, right, intellectual
13 property, equipment, or other information tech-
14 nology (including new versions, upgrades, and
15 connectivity) designed or provided primarily for
16 the electronic creation, maintenance, or ex-
17 change of health information to better coordi-
18 nate care or improve health care quality, effi-
19 ciency, or research.

20 “(C) SPECIFIED ENTITY DEFINED.—For
21 purposes of this paragraph, the term ‘specified
22 entity’ means an entity that is a hospital, group
23 practice, prescription drug plan sponsor, a
24 Medicare Advantage organization, or any other
25 such entity specified by the Secretary, consid-

1 ering the goals and objectives of this section, as
 2 well as the goals to better coordinate the deliv-
 3 ery of health care and to promote the adoption
 4 and use of health information technology.”.

5 (b) EFFECTIVE DATE; EFFECT ON STATE LAWS.—

6 (1) EFFECTIVE DATE.—The amendment made
 7 by subsection (a) shall take effect on the date that
 8 is 120 days after the date of the enactment of this
 9 Act.

10 (2) PREEMPTION OF STATE LAWS.—No State
 11 (as defined in section 1101(a) of the Social Security
 12 Act (42 U.S.C. 1301(a)) for purposes of title XI of
 13 such Act) shall have in effect a State law that im-
 14 poses a criminal or civil penalty for a transaction de-
 15 scribed in section 1877(b)(6) of such Act, as added
 16 by subsection (a), if the conditions described in such
 17 section, with respect to such transaction, are met.

18 (c) STUDY AND REPORT TO ASSESS EFFECT OF EX-
 19 CEPTION ON HEALTH SYSTEM.—

20 (1) IN GENERAL.—The Secretary of Health and
 21 Human Services shall conduct a study to determine
 22 the impact of the exception under section 1877(b)(6)
 23 of such Act (42 U.S.C. 1395nn(b)(6)), as added by
 24 subsection (a). In particular, the study shall examine
 25 the following:

1 (A) The effectiveness of the exception in
 2 increasing the adoption of health information
 3 technology.

4 (B) The types of health information tech-
 5 nology provided under the exception.

6 (C) The extent to which the financial or
 7 other business relationships between providers
 8 under the exception have changed as a result of
 9 the exception in a way that adversely affects or
 10 benefits the health care system or choices avail-
 11 able to consumers.

12 (D) The impact of the adoption of health
 13 information technology on health care quality,
 14 cost, and access under the exception.

15 (2) REPORT.—Not later than three years after
 16 the effective date described in subsection (b)(1), the
 17 Secretary of Health and Human Services shall sub-
 18 mit to Congress a report on the study conducted
 19 under paragraph (1).

20 **SEC. 204. RULES OF CONSTRUCTION REGARDING USE OF**
 21 **CONSORTIA.**

22 (a) APPLICATION TO SAFE HARBOR FROM CRIMINAL
 23 PENALTIES.—Section 1128B(b)(3) of the Social Security
 24 Act (42 U.S.C. 1320a–7b(b)(3)) is amended by adding
 25 after and below subparagraph (J), as added by section

1 202(b)(1), the following: “For purposes of subparagraph
 2 (J), nothing in such subparagraph shall be construed as
 3 preventing a specified entity, consistent with the specific
 4 requirements of such subparagraph, from forming a con-
 5 sortium composed of health care providers, payers, em-
 6 ployers, and other interested entities to collectively pur-
 7 chase and donate health information technology, or from
 8 offering health care providers a choice of health informa-
 9 tion technology products in order to take into account the
 10 varying needs of such providers receiving such products.”.

11 (b) APPLICATION TO STARK EXCEPTION.—Para-
 12 graph (6) of section 1877(b) of the Social Security Act
 13 (42 U.S.C. 1395nn(b)), as added by section 203(a), is
 14 amended by adding at the end the following new subpara-
 15 graph:

16 “(D) RULE OF CONSTRUCTION.—For pur-
 17 poses of subparagraph (A), nothing in such
 18 subparagraph shall be construed as preventing
 19 a specified entity, consistent with the specific
 20 requirements of such subparagraph, from—

21 “(i) forming a consortium composed
 22 of health care providers, payers, employers,
 23 and other interested entities to collectively
 24 purchase and donate health information
 25 technology; or

1 “(ii) offering health care providers a
 2 choice of health information technology
 3 products in order to take into account the
 4 varying needs of such providers receiving
 5 such products.”.

6 **TITLE III—INFORMATION AND** 7 **REPORTS**

8 **SEC. 301. INFORMATION FOR PHYSICIANS ON MEDICARE** 9 **BILLINGS.**

10 (a) IN GENERAL.—Section 1848 of the Social Secu-
 11 rity Act, as amended by section 201, is amended by adding
 12 at the end the following new subsection:

13 “(n) ANNUAL REPORTING OF INFORMATION TO PHY-
 14 SICIANS.—

15 “(1) IN GENERAL.—The Secretary shall annu-
 16 ally report to each physician information on total bil-
 17 lings by the physician (including laboratory tests
 18 and other items and services ordered by the physi-
 19 cian) under this title. Such information shall be pro-
 20 vided in a comparative format by code, weighting for
 21 practice size, number of Medicare patients treated,
 22 and relative number of Medicare beneficiaries in the
 23 geographical area.

24 “(2) CONFIDENTIALITY.—Information reported
 25 under paragraph (1) is confidential and shall not be

1 disclosed to anyone other than the physician to
2 whom the information relates.

3 “(3) REPORT NOT TO BE USED IN DETER-
4 MINING REIMBURSEMENT RATES FOR A SPECIFIC
5 PHYSICIAN.—The Secretary shall not use informa-
6 tion contained in a report under this subsection with
7 respect to a physician in determining reimbursement
8 rates under this part for items and services fur-
9 nished by that physician.”.

10 (b) EFFECTIVE DATE.—The Secretary of Health and
11 Human Services shall first provide for reporting of infor-
12 mation under the amendment made by subsection (a) for
13 billings during 2007.

14 **SEC. 302. INFORMATION FOR BENEFICIARIES ON MEDI-**
15 **CARE EXPENDITURES.**

16 (a) IN GENERAL.—Section 1804 of the Social Secu-
17 rity Act (42 U.S.C. 1395b–2) is amended by adding at
18 the end the following new subsection:

19 “(d) ANNUAL REPORT ON INDIVIDUAL RESOURCE
20 UTILIZATION.—The Secretary shall provide for the report-
21 ing, on an annual basis, to each individual entitled to ben-
22 efits under part A or enrolled under part B, on the amount
23 of payments made to or on behalf of the individual under
24 this title during the year involved. Such information shall
25 be provided in a format that compares such amount with

1 the average per capita expenditures in the region or area
2 involved.”.

3 (b) EFFECTIVE DATE.—The Secretary of Health and
4 Human Services shall first provide for reporting of infor-
5 mation under the amendment made by subsection (a) for
6 payments made during 2007.

7 **SEC. 303. COLLECTION OF DATA ON MEDICARE SAVINGS**
8 **FROM PHYSICIANS’ SERVICES DIVERSION.**

9 (a) IN GENERAL.—The Secretary of Health and
10 Human Services shall collect data on annual savings in
11 expenditures in the Medicare program due to physicians’
12 services that resulted in hospital or in-patient diversion.

13 (b) REPORT.—The Secretary shall transmit to Con-
14 gress annually a summary of the data collected under sub-
15 section (a).

16 **SEC. 304. TRUSTEES’ ONGOING EXAMINATION OF MEDI-**
17 **CARE FUNDING.**

18 (a) EXAMINATION BY BOARD OF TRUSTEES.—The
19 Board of Trustees of the Federal Hospital Insurance
20 Trust Fund under section 1817 of the Social Security Act
21 (42 U.S.C. 1395i) and of the Federal Supplementary Med-
22 ical Insurance Trust Fund under section 1841 of such Act
23 (42 U.S.C. 1395t) shall monitor and examine the extent
24 to which the different funding mechanisms under parts A,
25 B, and D of title XVIII of such Act provide an appropriate

1 alignment with the program goals of the respective parts.
2 Such examination shall include an analysis of each of the
3 following:

4 (1) The extent to which, as the volume of serv-
5 ices increases in physician settings under such part
6 B, there is a corresponding reduction in similar serv-
7 ices provided in a hospital setting under such part
8 A.

9 (2) The extent to which, as a result of increased
10 coordination between physicians and the delivery of
11 prescription drugs under such part D, particularly
12 with respect to individuals with chronic conditions,
13 there will be a decrease in hospitalizations under
14 such part A.

15 (3) The extent to which other changes in physi-
16 cian or other health care practice results in a shift-
17 ing of expenditures among the various parts of such
18 title XVIII.

19 (b) INCLUSION IN ANNUAL REPORTS.—In each an-
20 nual report submitted to the Congress after the date of
21 the enactment of this Act under section 1817(b)(2) or sec-
22 tion 1841(b)(2) of the Social Security Act (42 U.S.C.
23 1395i(b)(2), 1395t(b)(2)), such Board of Trustees shall
24 include information on the matters described in subsection
25 (a).

1 **SEC. 305. INDEPENDENT STUDY ON MEDICARE RELATIVE**
2 **VALUE UNIT SCALE UPDATE COMMITTEE**
3 **(RUC) PROCESS.**

4 (a) IN GENERAL.—The Secretary of Health and
5 Human Services shall enter into an arrangement with an
6 appropriate independent entity to conduct a study of price
7 inputs and relative values for physicians' services rec-
8 ommended by the AMA/Specialty Society Relative Value
9 Unit Scale Update Committee (RUC) process. The study
10 shall examine (and make recommendations on) how to im-
11 prove accuracy in pricing the mix of physicians' services
12 and how such process could improve value weighting as
13 new services become available.

14 (b) REPORT.—The Secretary shall provide for com-
15 pletion of the study under subsection (a) by January 1,
16 2010, and shall provide for a report to Congress on the
17 results of the study.

18 **SEC. 306. STUDY OF REPORTING REQUIREMENTS ON**
19 **HEALTH CARE DISPARITIES.**

20 (a) IN GENERAL.—The Secretary of Health and
21 Human Services shall provide for a study of health care
22 disparities in high-risk health condition areas and minor-
23 ity communities about the impact reporting requirements
24 may have on physician penetration in such communities.

25 (b) REPORT.—The Secretary shall provide for the
26 completion of the study conducted under subsection (a)

- 1 by not later than January 1, 2011, and shall submit to
- 2 Congress a report on the study upon its completion.

